

**Morning Email: TERM TEDS & Dirty TEDS**

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Rotate Me

F.I. Futures and Cash			
	Last Decimal	Last 32	Last Yield*
ZT	101.7344	101.235	4.939
ZF	104.3906	104.125	4.847
ZN	106.5313	106.170	4.841
Blank			
2y	99.850	99.2720	4.950
5y	99.553	99.1770	4.850
10y	98.156	98.0500	4.861

\*Futures use CTD for Last Yield

\*\*Mduration = Modified Macaulay Duration

Eurodollars (ED)						
	Last Price	Last Imp Yield	Days til Expr.	Fraction of year	Month	
F.EDAH07	94.625	5.375	47	0.128	MAR	White Pack
F.EDAM07	94.660	5.340	138	0.377	JUN	
F.EDAU07	94.735	5.265	229	0.627	SEP	
F.EDAZ07	94.805	5.195	320	0.876	DEC	
F.EDAH08	94.855	5.145	411	1.125	MAR	Red Pack
F.EDAM08	94.885	5.115	502	1.375	JUN	
F.EDAU08	94.910	5.090	593	1.624	SEP	
F.EDAZ08	94.915	5.085	684	1.873	DEC	Green Pack
F.EDAH09	94.915	5.085	775	2.123	MAR	
F.EDAM09	94.900	5.100	866	2.372	JUN	
F.EDAU09	94.880	5.120	957	2.621	SEP	
F.EDAZ09	94.850	5.150	1048	2.871	DEC	

How many ways can you hedge the TED? Let me count...there's lots and lots, like:

- 1 Regression
- 2 Engineered
- 3 Strip with and without Stubs
- 4 Convexity Bias
- 5 Weighted
- 6 Unweighted and more...

Most of us are interested in the *unweighted hedge* which is simply a curve trade hedge. There are so many ways to hedge the TED trade that I can't possibly list them all.

If you email me and ask for a specific hedge, I'll get it to you.

[igoulding@ghco.com](mailto:igoulding@ghco.com)

#### Eurodollar Color Codes for Individual Year Strips:

Color	Year	Contracts
White	One	1 – 4
Red	Two	5 – 8
Green	Three	9 – 12
Blue	Four	13 – 16
Gold	Five	17 – 20
Purple	Six	21 – 24
Orange	Seven	25 – 28
Pink	Eight	29 – 32
Silver	Nine	33 – 36
Copper	Ten	37 – 40

Dirty TED: ZT vs Eurodollar Contracts

ZT

	Spread Price	Spread Yield	Spread Name
F.EDAH07	7.109	0.44	ZT - GE07H
F.EDAM07	7.074	0.40	ZT - GE07M
F.EDAU07	6.999	0.33	ZT - GE07U
F.EDAZ07	6.929	0.26	ZT - GE07Z
F.EDAH08	6.879	0.21	ZT - GE08H
F.EDAM08	6.849	0.18	ZT - GE08M
F.EDAU08	6.824	0.15	ZT - GE08U
F.EDAZ08	6.819	0.15	ZT - GE08Z
F.EDAH09	6.819	0.15	ZT - GE09H
F.EDAM09	6.834	0.16	ZT - GE09M
F.EDAU09	6.854	0.18	ZT - GE09U
F.EDAZ09	6.884	0.21	ZT - GE09Z

Price = Outright Decimal Price - Euro Contract Price

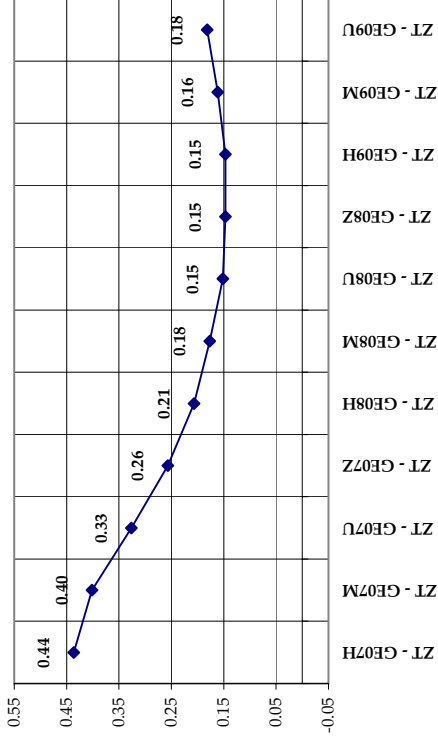
Yield = ABS(Proxy Yield - Implied Euro Contract yield)

GE Duration as Fraction of year

	Duration	ZT Duration	Spread Duration
F.EDAH07	0.128	1.80	1.67
F.EDAM07	0.377	1.80	1.42
F.EDAU07	0.627	1.80	1.17
F.EDAZ07	0.876	1.80	0.92
F.EDAH08	1.125	1.80	0.67
F.EDAM08	1.375	1.80	0.42
F.EDAU08	1.624	1.80	0.17
F.EDAZ08	1.873	1.80	(0.07)
F.EDAH09	2.123	1.80	(0.32)
F.EDAM09	2.372	1.80	(0.57)
F.EDAU09	2.621	1.80	(0.82)
F.EDAZ09	2.871	1.80	(1.07)

The farther away from 0 the spread duration is the riskier the trade.

ZT Yield - GE Yield

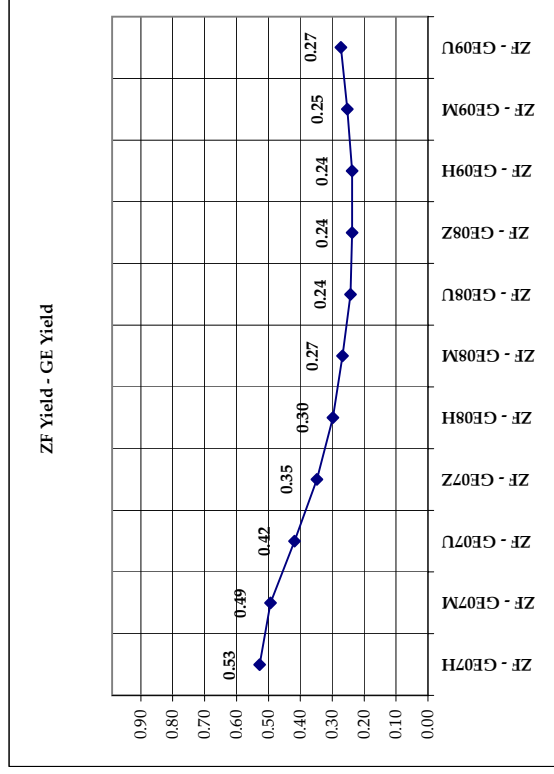


**Dirty TED: ZF vs Eurodollar Contracts**

		ZF	
Spread Price	Spread Yield	Spread Name	Spread Name
F.EDAH07	9.77	0.53	ZF - GE07H
F.EDAM07	9.73	0.49	ZF - GE07M
F.EDAU07	9.66	0.42	ZF - GE07U
F.EDAZ07	9.59	0.35	ZF - GE07Z
F.EDAH08	9.54	0.30	ZF - GE08H
F.EDAM08	9.51	0.27	ZF - GE08M
F.EDAU08	9.48	0.24	ZF - GE08U
F.EDAZ08	9.48	0.24	ZF - GE08Z
F.EDAH09	9.48	0.24	ZF - GE09H
F.EDAM09	9.49	0.25	ZF - GE09M
F.EDAU09	9.51	0.27	ZF - GE09U
F.EDAZ09	9.54	0.30	ZF - GE09U

Price = Outright Decimal Price - Euro Contract Price

Yield = ABS(Proxy Yield - Implied Euro Contract yield)



GE Duration as Fraction of year		ZF	
Fraction of year	Duration	Duration	Spread
F.EDAH07	0.128	3.83	3.70
F.EDAM07	0.377	3.83	3.45
F.EDAU07	0.627	3.83	3.20
F.EDAZ07	0.876	3.83	2.95
F.EDAH08	1.125	3.83	2.70
F.EDAM08	1.375	3.83	2.45
F.EDAU08	1.624	3.83	2.21
F.EDAZ08	1.873	3.83	1.96
F.EDAH09	2.123	3.83	1.71
F.EDAM09	2.372	3.83	1.46
F.EDAU09	2.621	3.83	1.21
F.EDAZ09	2.871	3.83	0.96

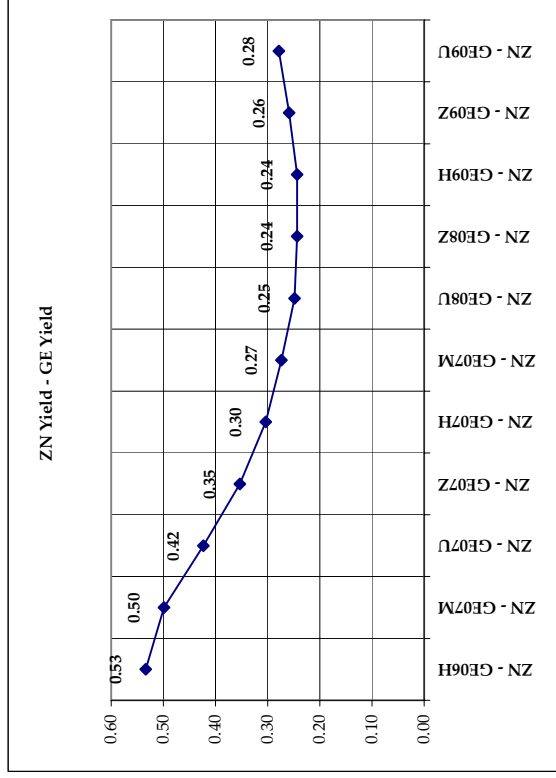
The farther away from 0 the spread duration is the riskier the trade.

Dirty TED: ZN vs Eurodollar Contracts

	Spread Price	ZN Spread Yield	Spread Name
F.EDAH07	11.91	0.53	ZN - GE06H
F.EDAM07	11.87	0.50	ZN - GE07M
F.EDAU07	11.80	0.42	ZN - GE07U
F.EDAZ07	11.73	0.35	ZN - GE07Z
F.EDA+H08	11.68	0.30	ZN - GE07H
F.EDAM08	11.65	0.27	ZN - GE07M
F.EDAU08	11.62	0.25	ZN - GE08U
F.EDAZ08	11.62	0.24	ZN - GE08Z
F.EDA+H09	11.62	0.24	ZN - GE09H
F.EDAM09	11.63	0.26	ZN - GE09M
F.EDAU09	11.65	0.28	ZN - GE09U
F.EDAZ09	11.68	0.31	ZN - GE09Z

Price = Outright Decimal Price - Euro Contract Price

Yield = ABS(Proxy Yield - Implied Euro Contract yield)



GE Duration as Fraction of year	ZN Duration	Spread Duration
F.EDAH07	0.128	5.63
F.EDAM07	0.377	5.38
F.EDAU07	0.627	5.13
F.EDAZ07	0.876	4.88
F.EDA+H08	1.125	4.63
F.EDAM08	1.375	4.38
F.EDAU08	1.624	4.13
F.EDAZ08	1.873	3.88
F.EDA+H09	2.123	3.63
F.EDAM09	2.372	3.38
F.EDAU09	2.621	3.13
F.EDAZ09	2.871	2.88

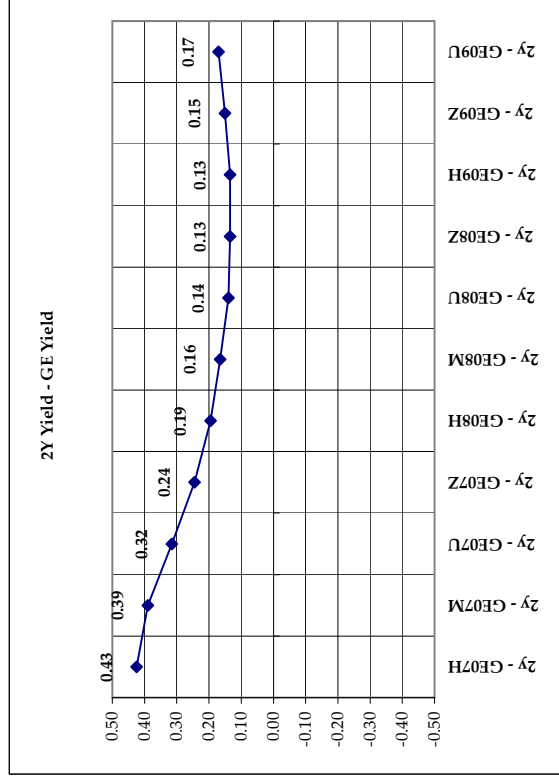
The farther away from 0 the spread duration is the riskier the trade.

TERM TED: 2y vs Eurodollar Contracts

	Spread Price	2y Spread Yield	Spread Name
F.EDAH07	5.23	0.43	2y - GE07H
F.EDAM07	5.19	0.39	2y - GE07M
F.EDAU07	5.12	0.32	2y - GE07U
F.EDAZ07	5.05	0.24	2y - GE07Z
F.EDA+H08	5.00	0.19	2y - GE08H
F.EDAM08	4.97	0.16	2y - GE08M
F.EDAU08	4.94	0.14	2y - GE08U
F.EDAZ08	4.94	0.13	2y - GE08Z
F.EDA+H09	4.94	0.13	2y - GE09H
F.EDAM09	4.95	0.15	2y - GE09Z
F.EDAU09	4.97	0.17	2y - GE09U
F.EDAZ09	5.00	0.20	2y - GE09U

Price = Outright Decimal Price - Euro Contract Price

Yield = ABS(Cash Yield - Implied Euro Contract yield)



GE Duration as Fraction of year	2Y Duration	Spread Duration
F.EDAH07	0.128	1.75
F.EDAM07	0.377	1.50
F.EDAU07	0.627	1.25
F.EDAZ07	0.876	1.00
F.EDA+H08	1.125	0.76
F.EDAM08	1.375	0.51
F.EDAU08	1.624	0.26
F.EDAZ08	1.873	0.01
F.EDA+H09	2.123	(0.24)
F.EDAM09	2.372	(0.49)
F.EDAU09	2.621	(0.74)
F.EDAZ09	2.871	(0.99)

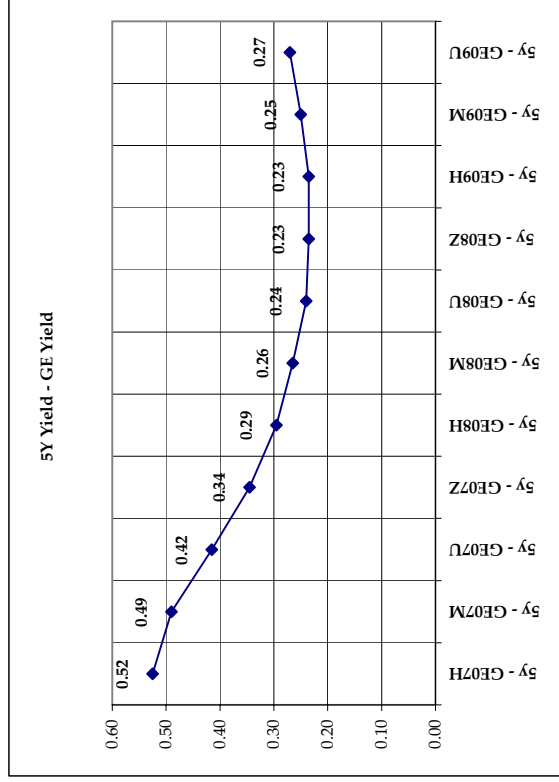
The farther away from 0 the spread duration is the riskier the trade.

**TERM TED: 5y vs Eurodollar Contracts**

	Spread Price	Spread Yield	Spread Name
F.EDAH07	4.93	0.52	5y - GE07H
F.EDAM07	4.89	0.49	5y - GE07M
F.EDAU07	4.82	0.42	5y - GE07U
F.EDAZ07	4.75	0.34	5y - GE07Z
F.EDAH08	4.70	0.29	5y - GE08H
F.EDAM08	4.67	0.26	5y - GE08M
F.EDAU08	4.64	0.24	5y - GE08U
F.EDAZ08	4.64	0.23	5y - GE08Z
F.EDAH09	4.64	0.23	5y - GE09H
F.EDAM09	4.65	0.25	5y - GE09M
F.EDAU09	4.67	0.27	5y - GE09U
F.EDAZ09	4.70	0.30	5y - GE09U

Price = Outright Decimal Price - Euro Contract Price

Yield = ABS(Cash Yield - Implied Euro Contract yield)



**GE Duration as Fraction of year**

	5Y Duration	Spread Duration
F.EDAH07	0.128	4.27
F.EDAM07	0.377	4.02
F.EDAU07	0.627	3.77
F.EDAZ07	0.876	3.52
F.EDAH08	1.125	3.27
F.EDAM08	1.375	3.02
F.EDAU08	1.624	2.77
F.EDAZ08	1.873	2.52
F.EDAH09	2.123	2.28
F.EDAM09	2.372	2.03
F.EDAU09	2.621	1.78
F.EDAZ09	2.871	1.53

The farther away from 0 the spread duration is the riskier the trade.

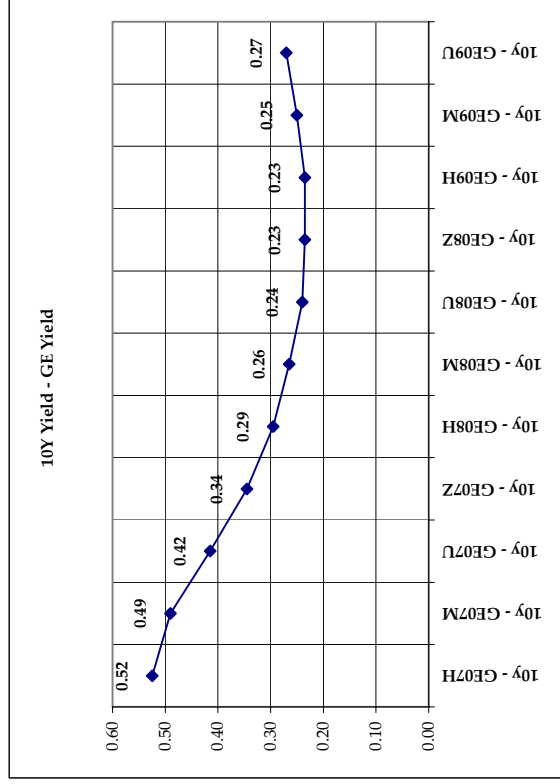
**TERM TED: 10y vs Eurodollar Contracts**

**10y Spread**

Contract Name	Spread Price	Spread Yield	Spread Name
F.EDAH07	4.93	0.52	10y - GE07H
F.EDAM07	4.89	0.49	10y - GE07M
F.EDAU07	4.82	0.42	10y - GE07U
F.EDAZ07	4.75	0.34	10y - GE07Z
F.EDA+08	4.70	0.29	10y - GE08H
F.EDAM08	4.67	0.26	10y - GE08M
F.EDAU08	4.64	0.24	10y - GE08U
F.EDAZ08	4.64	0.23	10y - GE08Z
F.EDA+09	4.64	0.23	10y - GE09H
F.EDAM09	4.65	0.25	10y - GE09M
F.EDAU09	4.67	0.27	10y - GE09U
F.EDAZ09	4.70	0.30	10y - GE09U

Price = Outright Decimal Price - Euro Contract Price

Yield = ABS(Cash Yield - Implied Euro Contract yield)



**GE Duration as Fraction of year**

Contract Name	Fraction of year	10Y Duration	Spread Duration
F.EDAH07	0.128	7.69	7.57
F.EDAM07	0.377	7.69	7.32
F.EDAU07	0.627	7.69	7.07
F.EDAZ07	0.876	7.69	6.82
F.EDA+08	1.125	7.69	6.57
F.EDAM08	1.375	7.69	6.32
F.EDAU08	1.624	7.69	6.07
F.EDAZ08	1.873	7.69	5.82
F.EDA+09	2.123	7.69	5.57
F.EDAM09	2.372	7.69	5.32
F.EDAU09	2.621	7.69	5.07
F.EDAZ09	2.871	7.69	4.82

The farther away from 0 the spread duration is the riskier the trade.